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EXECUTIVE SECRETARIAT
Operations Center**Cable Highlights**Friday, May 17, 2002
0530 EDT**VENEZUELA: CHAVEZ TO REPLACE MINISTER OF PRODUCTION**

(SBU)



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RUSSIA: STILL PLUGGING AWAY AT ECONOMIC REFORM

(SBU) Despite GOR interagency battles and subsequent delays in the Duma, controversial legislation on the sale and lease of agricultural land had passed its first reading in the Duma. The GOR also succeeded in submitting to the Duma other priority economic reform legislation including Russia's entry into the WTO, tax relief, and Central Bank status. The sheer volume and complexity of the economic reform legislation under consideration this session was impressive and a strong indicator of a continuing commitment to implementing the GOR's structural reform plan. (Moscow 5858)

INDIA: RISE IN DEFENSE SPENDING

(SBU) GOI military spending for the current fiscal year was 4.8 percent higher than last year's, but the rate of increase was much smaller than the 9.4 percent growth in the budget as a whole. The rise in defense spending reflects the military's higher personnel costs and need to replace obsolete equipment. It does not signal a major effort to obtain new capabilities. Citing "national security" needs, the budget contained two new revenue measures, one of which, a 5 percent income tax surcharge, falls heavily on the middle class. (New Delhi 2960)

KRGYZSTAN: KRGYZ POLICE QUELL DEMONSTRATION

(C) Interior ministry police forcibly dispersed about 300 demonstrators May 16 in front of the Krgyz Parliament, where President Akayev was to appear. Police arrested more than 80 protesters, including the Chief for the Kyrgyz Committee for Human Rights and the Director of the Kyrgyz Public Committee for Human Rights. The latest demonstration clearly reflects the overwhelming discontent and the potential threat to the country's stability. (Bishkek 794)

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